

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: December 1, 2003

Leaf No. 82  
Revision: 0  
Superseding Revision:

#### GENERAL INFORMATION

16. Customer Advantage Program - General Retail Access: (Cont'd.)

E. ESCO or DC Participation: (Cont'd.)

7. Creditworthiness Standards (Cont'd.)

(b) Creditworthiness Determinants for ESCOs

An ESCO can satisfy NYSEG's credit requirements by the following:

- i. Maintaining by itself, or having its guarantor maintain at least a minimum Corporate Credit Rating of "BBB" from Standard & Poor's ("S&P"), "Baa2" Bond Rating from Moody's, as published by Financial Information Services ("Moody's"), or "BBB" Long Term Rating, as published by Fitch IBCA, Inc. ("Fitch") (collectively, the "Minimum Rating") or
- ii. If no credit rating is available as in (i) above, having a minimum "1A2" rating from Dun & Bradstreet coupled with 24 months continuous good payment history with NYSEG, subject to the credit limits specified below, or
- iii. posting security in an acceptable form as listed in Section 16.E.7.(d) below for the maximum amount calculated in accordance with Section 16.E.7.(c) below.
- iv. NYSEG has the option to require an ESCO having the Minimum Rating to post security:
  - (a) For the amount by which NYSEG's Credit Exposure (see Section 16.E.7.(c) below) for any ESCO exceeds 5% of NYSEG's applicable electric revenues for the applicable time period (e.g., 30 days of electric revenues); or
  - (b) For the full amount of the Credit Exposure if: (1) the ESCO or its guarantor is at or below the Minimum Rating and is placed on credit watch with negative implications by any of the three designated rating agencies, or NYSEG receives information that indicates that the ESCO's or its guarantor's credit rating could be downgraded below the Minimum Rating (which security requirement will be lifted if the ESCO's or its guarantor's credit rating is not downgraded during the ensuing 60 days), or (2) the ESCO fails to render timely payments to NYSEG and that ESCO's credit rating is less than "BBB" by S&P.

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